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EXHIBIT “B”

Lic. Elmer Murillo Chaves
Certified Public Accountant
San José, Costa Rica

AUDITOR'S INDEPENDENT OPINION

To the Board of Directors and Shareholders
Playa Dulce Vida, S.A. (The Company)

Independent Opinion of Financial Statements

We have audited the financial statements of, Playa Dulce Vida, S. A. as of September 30th, 2009 and 2008 for the years finished on those dates, and a summary of significant accounting policies and explanatory notes to the same.

Administration's Responsibility for the Financial Statements.

The Company's Administration is responsible for the preparation and reasonable presentation of these financial statements, in compliance with the International Norms for Financial Reporting. This responsibility includes: the design, implementation and maintenance of relevant internal controls for the preparation and reasonable presentation of these financial statements and that the same be free of significant erroneous representations, whether caused by fraud or error; selection and application of appropriate accounting policies; and carry out reasonable accounting estimates according to circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion about these financial statements based on our audits. We carry out our audits according to the International Auditing Norms. These norms require our compliance with ethical requirements and to plan and carry out the audits to obtain reasonable assurance that the financial statements are free of relatively important erroneous representations

An audit includes the execution of procedures to obtain auditing evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the evaluation of the risks of relatively important erroneous representations in the financial statements, whether caused by fraud or error. When carrying out evaluations of risk, the auditor takes into consideration the relevant internal controls for the preparation and reasonable presentation of the financial statements of the Company, with the purpose of designing auditing procedures appropriate for the circumstances, but not with the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes an evaluation on how appropriate the accounting policies utilized are and the reasonableness of the accounting estimates made by the Company's administration, as well as an evaluation of the joint presentation of the financial statements.

We consider that the auditing evidence we have obtained is sufficient, appropriate, and provides a foundation for our auditing opinion.

Opinion

In our opinion, the above mentioned financial statements as of September 30, 2009 and 2008, reasonably present the financial situation of *Playa Dulce Vida, S. A.*, the results of their operation, the changes in equity and their cash flows, for the year finished on this date, in compliance with the International Financial Reporting Standards.

Emphasis Issues

As detailed in note number 7, the Management's Corporation registered US\$ 2,450,000 of the Pre-Operating Expenses line item as part of the building's value.

San José, February 18th, 2010.



Lic. Elnor Murillo Chaves

Certified Public Accountant No. 2360

Professional liability policy in place until No. R-1153, until September, 2010

Stamp Tax Paid – Law no. 6663



Playa Dulce Vida Sociedad Anónima**Balance Sheets****As of September 30, 2009 and September 30, 2008**

<u>Asset</u>	Notes	<u>2009</u>	<u>2008</u>
Current Assets			
Cash and cash equivalents	3	110,624	102,538
Accounts receivable	4	185,879	195,040
Inventories	5	32,877	23,193
Prepaid expenses	6	42,709	-
Total current assets	US \$	<u>372,088</u>	<u>320,771</u>
Property, buildings and equipment net	7	15,376,503	15,805,761
Other assets	8	8,030,776	197,002
Deferred Income Tax	1.L	768,561	572,984
Total assets	US \$	<u>24,547,927</u>	<u>16,896,519</u>
<u>Liabilities and Equity</u>			
Current Liabilities			
Short Term Debt	9	830,079	111,878
Accounts Payable Trade	10	235,280	474,599
Accrued Expenses	11	153,157	161,181
Total Current Liabilities		<u>1,218,516</u>	<u>747,658</u>
Long term liabilities			
Long Term Debt	12	6,396,539	6,830,970
Long Term Loans shareholders	13	1,095,000	2,586,610
Total Long Term Liabilities		<u>7,491,538</u>	<u>9,417,581</u>
Total Liabilities		<u>8,710,055</u>	<u>10,165,239</u>
Stockholders's equity			
Common and preferred stock	16	3,000,520	2,855,217
Paid in capital	17	6,105,748	4,720,631
Revaluation Surplus	18	7,623,070	
Retained Earnings		(690,326)	(627,497)
Translation Adjustment		(201,139)	(217,071)
Total Stockholders's equity		<u>15,837,873</u>	<u>6,731,280</u>
Total Liabilities & Equity	US \$	<u>24,547,927</u>	<u>16,896,519</u>
		0	0

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima**Profit And Loss Statement**

For The Years Ended September 30, 2009 and 2008

		<u>2009</u>	<u>2008</u>
Income			
Rooms	notes	2,323,948	1,659,826
Restaurant and Beverage		898,454	621,309
Spa		125,825	84,344
Tours Revenues		226,751	136,682
Other		251,364	127,211
Total Income		<u>3,826,341</u>	<u>2,629,373</u>
Cost			
Restaurant and Beverage		260,312	242,460
Tours		197,056	103,054
Other		20,459	9,026
Total Cost		<u>477,826</u>	<u>354,539</u>
Gross Profit		<u>3,348,515</u>	<u>2,274,834</u>
Operating and Administrative Expenses			
Operating Expenses		800,305	738,273
Administrative Expenses		1,366,159	1,403,286
Advertising		55,187	48,707
Depreciation Expenses		566,789	467,590
Total Expenses	14	<u>2,788,439</u>	<u>2,657,856</u>
Operating (Loss) Profit		<u>560,076</u>	<u>(383,022)</u>
Financial Expenses	15	850,920	540,428
Net Loss Before Taxes		(290,845)	(923,450)
Deferred Income Tax	1.L	<u>228,016</u>	<u>572,984</u>
Net Loss		<u>(62,829)</u>	<u>(350,465)</u>

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima

Statements Of Cash Flows

For The Year Ended September 30, 2009 and 2008

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2009</u>	<u>2008</u>
Net Loss before taxes	US \$ (290,845)	(923,450)
Adjustments to reconcile net profit of the year to net cash		
Depreciation	566,789	467,590
Interest Expense Loans	64,505	11,780
Christmas Bonus	5,566	32,784
	<u>340,449</u>	<u>(444,080)</u>
Changes in assets and liabilities that provide cash:		
(Increase) decrease in assets:		
Accounts receivable	9,162	(185,795)
Inventory	(9,684)	(11,535)
Prepaid expenses	(42,709)	
Others Assets	(703)	(27,233)
Increase (decrease) in Liabilities		
Accounts payable	(239,319)	394,599
Accrued expenses	5,491	(43,572)
Net cash used by operating activities	<u>62,685</u>	<u>(317,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of buildings, vehicle and equipment	(137,530)	(1,852,850)
Proceeds from sale of fixed assets		55,000
Net cash used in investing activities	<u>(137,530)</u>	<u>(1,797,850)</u>
Cash flows from financial activities		
Debt Banks	(111,878)	768,442
Additional Paid in Capital	194,808	930,106
Net cash privied by financial activities	<u>82,930</u>	<u>1,698,547</u>
Net (decrease) increase in cash	<u>8,085</u>	<u>(416,918)</u>
Cash and cash equivalents at beginning of the year	<u>102,538</u>	<u>519,457</u>
Cash and cash equivalents at end of the year	<u>110,623</u>	<u>102,538</u>

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima

Statements of Changes in Stockholders' Equity

For the Year Ended September 30, 2009 and 2008

US \$

	Notes	Capital Stock	Revaluation Surplus	Additional Paid in Capital	Retained Earnings	Translation Adjustment	Total Equity
Balances, Septiembre 30, 2007	US\$	2,855,217		4,830,435		(298,292)	7,387,359
Other Adjustment				(109,803)			
Adjustment for Bad Deb	19				(277,032)		
Net Loss of the year					(350,465)	81,221	(269,244)
Balances, Septiembre 30, 2008		2,855,217	-	4,720,632	(627,497)	(217,071)	6,731,280
Other Adjustment	13, 17	145,303		1,385,116		15,932	1,546,351
Revaluation of Concessions	8		7,623,070				7,623,070
Net Loss of the year					(62,829)		(62,829)
Balances, Septiembre 30, 2009	US\$	3,000,520	7,623,070	6,105,748	(690,326)	(201,139)	15,837,873

The accompanying notes are an integral part of the financial statements

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

1. Summary of operations and main accounting policies

(a) Operations

Playa Dulce Vida, S. A., is an enterprise organized as a Company under the laws of the Republic of Costa Rica. Its core business is the rendering of hotel services. To do this the Company has a 38-room Hotel in Manuel Antonio, Quepos, which began operations on November 15th, 2007.

(b) Basis of preparation of financial statements

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards.

(c) Currency

La The accounting records of the Company are maintained in Costa Rican colones, legal currency of the country, however, the functional currency of the company is the U.S. dollar, because the most of the incomes, loans and other transactions are expressed in U. S. dollar. Transactions related to the exchange of foreign currency should be made through the entities authorized by the Central Bank of Costa Rica for that purpose, whereby each bank is empowered to establish its own exchange rate for purchase and sale of foreign currency.

As of September 30, 2009 the reference exchange rates for purchase and sale of Dollar were ₡ 582.49 and ₡ 591.73 (₡ 549.29 and ₡ 559.26 respectively as of September 30th, 2008)

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

(d) Translation into US Dollar

The Company's financial statements were translated into U.S. dollars using the following bases: monetary assets and liabilities at the current rate of exchange prevailing at the balance sheet date and non monetary assets and liabilities and stockholders' equity accounts at historical exchange rates. Income and expenses were translated at the average rate of exchange for the year, except for depreciation, which is remeasured at historical rates and the exchange losses were charged to Translation Adjustment, into the Equity

(e) Accounts Receivable

These are stated at their nominal value

(f) Inventory

This is stated at average cost and not exceed the market value.

(g) Property Buildings, Vehicles, Machinery and Equipment.

Buildings, machinery and equipment are recorded at acquisition cost. Disbursements for maintenance and minor repairs are charged to results, as they are incurred. The cost of property, machinery and equipment is depreciated by the straight-line method, based on the estimated useful life of the respective assets.

Useful life of buildings, machinery and equipment are detailed as follows:

Buildings	50 years
Vehicles	10 years
Machinery and Equipment	5-10 years
Furniture and Fixtures	5-10 years
Computer Equipment	5 years

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

(h) **Accounts Payable**

The accounts payable corresponding to trade and others are carried at their nominal value. Also, the company receives advance payments from guests to reserve rooms, such payments are deferred and later recognized as income when guests check out of the hotel.

(I) **Provisions**

A provision is recognized in the financial statements when the company has acquired a legal or constructive obligation as a result of a past event and is likely that an outflow of economic benefits will be required to settle such obligation. The estimated amount of such provision is adjusted at the date of the balance sheet, directly affecting results of operations.

(j) **Employee's Legal Benefits**

According to the current labor legislation, the Company should pay an indemnification to the employees dismissed without just cause, retired employees, and families of dead employees.

The Company does not record a provision for this concept. The expense is recognized when the obligation arises. In addition, according to current law, 3% of the salaries paid are transferred to different pension funds chosen by the employees.

(k) **Income Tax**

Fiscal authorities can review the income tax returns submitted by the Company on the years ending on September 30, 2009, 2008 and 2007.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

(l) **Deferred Income Tax**

Deferred income tax is recorded over those temporary differences between the carrying book value of assets and liabilities and the values used for tax purposes. A deferred tax liability represents a taxable temporary difference, and a deferred tax asset represents a deductible temporary difference. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

According to the Income Tax Law, companies in the tourism sector that during a fiscal period show losses, will have the right to amortize said losses as a fiscal credit in the next following 5 years. The Company recorded an asset due to deferred income tax of 30% over the losses obtained in Colons, during the 2009 and 2008 fiscal period.

But if the Corporation does not generate sufficient profits in the following 4 years, it will lose the opportunity to be able to use the Deferred Income Tax as fiscal credit.

(m) **Acknowledgement of Revenue**

Income from lodging and related services is recognized daily when they occur.

(n) **Acknowledgement of Expenses**

Expenses are recognized in the statement of results when incurred.

(o) **Assets' Impairment**

Carrying value of the assets is revised on each balance sheet date, in order to determine if there is any impairment indication, and in such case, the recoverable amount of such asset is estimated. The loss for impairment is recognized when carrying value of the asset exceeds its recoverable amount or its value in use; such effect is recognized in the statement of results for the assets recorded at cost.

The recoverable amount of the assets is equivalent to the highest value obtained after comparing the net selling price with the value in use. The value in use corresponds to the present value of the future cash flows and disbursements resulting from the continuous use of an asset and its final disposition.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

(p) Financial Instrument and Credit Risk

The Company's financial instruments are initially recorded at cost and they consist of cash and cash equivalents, accounts receivable, and accounts payable. The Company has not entered into an agreement that involves derivative financial instruments.

The financial instruments subject to credit risk are mainly cash in banks and accounts receivable. Cash in banks are kept at solid financial institutions, and in general, no credit risk concentration exists regarding accounts receivable.

(q) Use of Estimates

The preparation of financial statements in according with International Financial Reporting Standards (IFRS), require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes the estimates and assumptions used in the preparation of these financial statements were appropriate in the circumstances, actual results could differ from those estimates and assumptions.

(r) Fiscal Period

The corporation's fiscal period goes from October 01, to September 30, of every year.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

2. Monetary Assets and Liabilities Denominated in US Dollars

As of September 30th 2009 and 2008, assets and liabilities denominated in dollars of the United States of America are detailed as follows:

Cash in Bank	US \$	78,252.46	66,924
Account Receivable		73,531	171,177
Total Assets		<u>151,784</u>	<u>238,101</u>

Liabilities:

Account Payable		204,222	457,742
Loans and Notes Payable		8,321,617	9,529,552
Loans Interests Accrued		86,990	66,151
Total Liabilities		<u>8,612,829</u>	<u>10,053,445</u>
Net position in U. S. dollars	US \$	<u>(8,461,046)</u>	<u>(9,815,344)</u>

3. Cash and cash equivalents

As of September 30, 2009 and 2008, cash and cash equivalents are detailed as follow:

	<u>2009</u>	<u>2008</u>
Petty cash and deposit in transit	3,369	24,508
Cash in banks	107,255	78,030
Total	US \$ <u>110,624</u>	<u>102,538</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

4. Account Receivable

As of September 30, 2009 and 2008, Account Receivable are detailed as follow:

	<u>2009</u>	<u>2008</u>
Trade Accounts Receivables	73,531	171,177
Supplier Advances	60,271	-
Claim INS	34,298	-
Other	17,779	23,863
Total	US \$ <u>185,879</u>	<u>195,040</u>

5. Inventories

As of September 30, 2009 and 2008, Inventories are detailed as follow:

	<u>2009</u>	<u>2008</u>
Food and Beverages	9,336	11,535
Gift Shop	15,128	
Construction Material	8,412	11,658
Total	US \$ <u>32,877</u>	<u>23,193</u>

6. Prepaid Expenses

As of September 30, 2009 and 2008, Prepaid Expenses are detailed as follow:

	<u>2009</u>	<u>2008</u>
Fire Insure and Others	12,702	
Suplies	22,972	
Others	7,036	
Total	US \$ <u>42,709</u>	<u>0</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

7. Property, Building and Equipment, net

As of September 30, 2009 and 2008, Fixed Assets and the Accumulated Depreciation are detailed as follow:

	Balance 2008	Additions	Retirement of Assets	Balance 2009
Lands	8,877			8,877
Buildings	14,163,744	17,763		14,181,506
Furniture & Equipment	1,988,235	90,041		2,078,276
Vehicles	112,495	29,727		142,222
US \$	16,273,351	137,530	-	16,410,881
<hr/>				
Buildings	(236,062)	(283,473)		(519,536)
Furniture & Equipment	(222,153)	(269,465)		(491,618)
Vehicles	(9,375)	(13,851)		(23,225)
US \$	(467,590)	(566,789)	-	(1,034,379)
<hr/>				
Property, buildings and equipment net	15,805,761	(429,258)	-	15,376,503

During 2009, the Corporation finalized its fixed assets ancillaries (Fixed Assets Ledger), which generated the following accountable reclassifications:

Increase of US \$ 735,973 in Furniture & Equipment
Increase of US \$ 101,375 in Vehicles
Decrease of US \$ 937,349 in Buildings

Also, during 2009 the Corporation's Management decided to reclassify the Pre-Operating Expenses line item as part of the building's value. This line item for US\$ 2,450,000.00, was mainly comprised by expenses due to professional fees, interests and other administrative expenses related to the construction.

The aforementioned adjustments are shown retrospectively in the financial statements.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

A appraisal performed in 2009, establishes a buildings value set at US\$ 6,436,000.00, however, the Corporation's Management determined that there was no need to recognize the impairment of the buildings value based on the fact that future asset flows are greater than the historical cost of the same. According to IAS 36.

8. Other Assets

As of September 30, 2009 and 2008, Other Assets are detailed as follow:

	<u>2009</u>	<u>2008</u>
Other Guarantee Deposits	47,563	46,860
License to sell Liquors	15,142	15,142
Bought Concession of Land	345,000	135,000
Revaluation on Concessions of Land	7,623,070	-
Total	US \$ 8,030,776	197,002

Land concessions are permissions granted for the use of land in 20-year renewable periods. These concessions have use restrictions and are subject to environmental and municipal regulations and national laws.

The Hotel was constructed with a concession of a property of 42,557 square meters granted by the Local Government of Aguirre, Quepos. According to an appraisal done by an independent real-estate expert in September of 2006, the price on the land was established at US \$ 7,276,000. The term of this concession will expire January 30th, 2010 and the Company expects the renewal for 20 more years.

In 2002 the company bought another land concession with an area of 4,314 sq.m, which according to the corporate attorney is still in the process of formal transfer in favor of Playa Dulce Vida S. A., the total of this transaction was US \$ 345,000. The term of concession will expire 2016, and the Company expects the renewal for 20 more years

During FY 2009, the Corporation registered the reasonable value of both land concessions in its accounting records according to the price of US\$170 per sq.m. as established in the appraisal referenced in the second paragraph.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

9. Short Term Debt

As of September 30, 2009 and 2008, the Short and Long Term Debt are detailed as follow:

	<u>2009</u>	<u>2008</u>
Desarrollo Faro Verde S. A.	395,647	-
Bank Improsa	341,509	111,878
Bank Lafise	92,923	-
Total	US \$ 830,079	111,878

In September 30th, 2009 Banking Loans were guaranteed by a first-degree mortgage on the buildings and on plot number 1517. Interest rates are from 9% to 12% annually. The Corporation is currently negotiating an extension of the payment period with Improsa Bank and Lafise Bank.

10. Account Payable

As of September 30, 2009 and 2008, Account Payable are detailed as follow:

	<u>2009</u>	<u>2008</u>
Supplier	91,328	381,372
Advance Payments Received from Guests	112,894	76,370
Otros	31,058	16,857
Total	US\$ 235,280	474,599

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

11. Accrued Expenses

As of September 30, 2009 and 2008, Accrued Expenses are detailed as follow:

	<u>2009</u>	<u>2008</u>
Caja del Seguro Social	16,464	15,913
Taxes	31	
Christmas Bonus	38,350	
Bank and Others loans Interests	45,539	17,105
Shareholders loans Interests	41,450	
Others	11,322	38,980
Total	US \$ 153,157	161,181

In September of 2008, the Corporation's management recognized interests of 6% annually on the balance of each Shareholder's Loan and since the date the same were granted. However, such interests were partially reversed during the fiscal year 2009.

12. Long Term Debt

As of September 30, 2009 and 2008, the Long Term Debt are detailed as follow:

	<u>2009</u>	<u>2008</u>
Bank Improsa	4,511,802	4,853,310
Bank Lafise	1,884,737	1,977,660
Total	US \$ 6,396,539	6,830,970

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

13. Long Term Loans shareholders

As of September 30, 2009 and 2008, Long Term Loans Shareholders are detailed as follow:

	<u>2009</u>	<u>2008</u>
Campo Nuevo	700,000	1,355,538
Ecasa	-	450,000
Hawk Opportunity Fund	-	646,165
Carlos Roesch	395,000	135,000
Total	US \$ 1,095,000	2,586,703

Corresponds to money loans made by shareholders. In September of 2009, US \$ 1,530,419 of the Shareholders' debt was granted to the Company, this implied a redistribution of common stock between Shareholders. The amounts granted to Company were the following: Campo Nuevo \$ 239,446, Ecasa \$ 450,000, Hawk Opportunity Fund \$ 840,973.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

14. Operating and Administrative Expenses

As of September 30, 2009 and 2008 Operating and Administrative Expenses are detailed as follow:

Salaries and Wages	582,252	514,148
Social Security	219,130	190,161
Employee Benefits	145,863	134,791
Energy, Water and Communications	166,806	156,380
Professional Fees	66,876	32,695
Advertising	55,187	48,702
Depreciation	566,789	467,590
General Maintenance	146,615	322,368
Supplies	158,976	148,420
Security Services	129,109	114,636
Management Fees	190,822	209,087
Credit Card Commissions	77,501	53,736
Insurance	60,636	60,257
Transfer	23,838	39,310
Local Taxes	66,726	0
Other	131,314	165,575
Total	US \$ <u>2,788,439</u>	<u>2,657,856</u>

15. Financial Expenses

As of September 30, 2008, Financial Expenses are detailed as follow:

	-	-
Interest Expense Banks	818,557	533,980
Exchange Losses	32,363.11	
Others	-	6,448
Total	US \$ <u>850,920</u>	<u>540,428</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

16. Common and Preferred stock

According to Shareholder's meeting minutes number 16 of Assembly held on June 30th, 2004, Shareholders agreed to increase Capital Stock to Three Million United States currency, represented by 3,000 shares of \$1,000.00 each one and 526 preferred shares of \$1.00 each one. The Preferred Stockholders have a right to use the rooms during some periods of the year and the payment of a preferred dividend estimated on the Gross Operation Profit

In minute number 21 of September 9, 2008, an agreement was established to divide stock capital in three million one-dollar shares at one dollar each share.

17. Paid in Capital

The amount of US \$ 6,105,748.00 represents extraordinary money contributions given by the Shareholders to build the Hotel, and for the sale of preferred stock. As was mentioned in the note number 13, in September of 2009 the shareholders converted US \$ 1,385,116 of debt to additional paid in capital.

18. Revaluation Surplus

Originated in the recognition of the Realizable Value of the concessions that are detailed in note number 8.

19. Retained Earnings Adjustments

The Company recorded in the account Retained Earnings in September 2008 a Receivable Account of US \$ 277,032 from one of the contractors that participated in the construction of the Hotel

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2009 and 2008

20. Management Administration Agreement:

Playa Dulce Vida established a contract for the management of the hotel with Cayuga Sustainable Hospitality Company. Fees for the contract are estimated based on percentages of income and gross operation profit.

21. Adjustments in the fiscal period 2008

In September of 2008, the Corporation's management recognized interests of 6% annually on the balance of each Shareholder's Loan and since the date the same were granted. However, such interests were partially reversed. This reversion had an effect on the 2008 financial expenditure of US \$ 101,155.00

As was explained in note number 7, during the current year the Management's Company redistributed its Property, Buildings and Equipment composition, which generated an increase in the depreciation expenditure of US \$ 95,061.00.

Lic. Elmer Murillo Chaves
Certified Public Accountant
San José, Costa Rica

AUDITOR'S INDEPENDENT OPINION

To the Board of Directors and Shareholders
Playa Dulce Vida, S.A. (The Company)

Independent Opinion of Financial Statements

We have audited the financial statements of, **Playa Dulce Vida, S. A.** as of September 30th, 2011 and 2010 for the years finished on those dates, and a summary of significant accounting policies and explanatory notes to the same.

Administration's Responsibility for the Financial Statements.

The Company's Administration is responsible for the preparation and reasonable presentation of these financial statements, in compliance with the International Norms for Financial Reporting. This responsibility includes: the design, implementation and maintenance of relevant internal controls for the preparation and reasonable presentation of these financial statements and that the same be free of significant erroneous representations, whether caused by fraud or error; selection and application of appropriate accounting policies; and carry out reasonable accounting estimates according to circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion about these financial statements based on our audits. We carry out our audits according to the International Auditing Norms. These norms require our compliance with ethical requirements and to plan and carry out the audits to obtain reasonable assurance that the financial statements are free of relatively important erroneous representations

An audit includes the execution of procedures to obtain auditing evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the evaluation of the risks of relatively important erroneous representations in the financial statements, whether caused by fraud or error. When carrying out evaluations of risk, the auditor takes into consideration the relevant internal controls for the preparation and reasonable presentation of the financial statements of the Company, with the purpose of designing auditing procedures appropriate for the circumstances, but not with the purpose of expressing an opinion on the effectiveness of the Company's internal controls.


An audit also includes an evaluation on how appropriate the accounting policies utilized are and the reasonableness of the accounting estimates made by the Company's administration, as well as an evaluation of the joint presentation of the financial statements.

We consider that the auditing evidence we have obtained is sufficient, appropriate, and provides a foundation for our auditing opinion.

Opinion

In our opinion, the above mentioned financial statements as of September 30, 2011 and 2010, reasonably present the financial situation of **Playa Dulce Vida, S. A.**, the results of their operation, the changes in equity and their cash flows, for the year finished on this date, in compliance with the International Financial Reporting Standards.

San José, February 11th, 2012.



Lic. Elmer Murillo Chaves

Certified Public Accountant No. 2360

Professional liability policy in place No. 0166 FIG 0003, until September, 2012

Stamp Tax Paid - Law no. 6663



Playa Dulce Vida Sociedad Anónima**Balance Sheets****As of September 30, 2011 and September 30, 2010**

<u>Asset</u>	Notes	<u>2011</u>	<u>2010</u>
Current Assets			
Cash and cash equivalents	3	119,787	129,311
Accounts receivable	4	43,214	88,365
Inventories	5	24,548	32,180
Prepaid expenses	6	17,335	29,048
Total current assets	US \$	<u>204,883</u>	<u>278,904</u>
Property, buildings and equipment net	7	15,081,571	15,425,669
Other assets	8	8,011,736	8,002,234
Deferred Income Tax	1.L	562,380	570,001
Total assets	US \$	<u>23,860,570</u>	<u>24,276,809</u>
<u>Liabilities and Equity</u>			
Current Liabilities			
Short Term Debt	9	5,158,783	5,265,494
Accounts Payable Trade	10	550,255	599,991
Accrued Expenses	11	279,513	266,981
Total Current Liabilities		<u>5,988,551</u>	<u>6,132,466</u>
Long term liabilities			
Long Term Debt	12	1,633,552	1,787,906
Long Term Loans shareholders	13	917,836	872,836
Total Long Term Liabilities		<u>2,551,388</u>	<u>2,660,743</u>
Total Liabilities		<u>8,539,939</u>	<u>8,793,209</u>
Stockholders's equity			
Common and preferred stocks	16	6,000,520	3,000,520
Paid in capital	17	3,262,533	6,215,748
Revaluation Surplus	18	7,623,070	7,623,070
Retained Earnings		(1,347,085)	(1,156,088)
Translation Adjustment		(218,407)	(199,650)
Total Stockholders's equity		<u>15,320,631</u>	<u>15,483,599</u>
Total Liabilities & Equity	US \$	<u>23,860,570</u>	<u>24,276,809</u>

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima**Profit And Loss Statement****For The Years Ended September 30, 2011 and 2010**

	US \$	<u>2011</u>	<u>2010</u>
Income			
Rooms	notes	3,098,345	3,000,917
Restaurant and Beverage		942,745	1,008,635
Spa		142,229	159,007
Tours Revenues		303,112	285,816
Other		198,242	245,824
Total Income		<u>4,684,673</u>	<u>4,700,200</u>
Cost			
Restaurant and Beverage		323,038	312,584
Tours		275,500	285,408
Other		127,443	32,084
Total Cost		<u>725,981</u>	<u>630,076</u>
Gross Profit		<u>3,958,692</u>	<u>4,070,124</u>
Operating and Administrative Expenses			
Operating Expenses		944,523	1,027,115
Administrative Expenses		1,710,026	1,764,113
Advertising		54,572	74,272
Depreciation Expenses		631,645	595,743
Total Expenses	14	<u>3,340,766</u>	<u>3,461,244</u>
Operating Profit		<u>617,926</u>	<u>608,880</u>
Financial Expenses	15	773,922	693,829
Net Loss Before Taxes		(155,996)	(84,949)
Deferred Income Tax	I.L. 21	<u>-</u>	<u>(320,814)</u>
Net Loss	US \$	<u>(155,996)</u>	<u>(405,762)</u>

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima**Statements Of Cash Flows****For The Year Ended September 30, 2011 and 2010**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2011</u>	<u>2010</u>
Net Loss before taxes	US \$ (155,996)	(84,949)
Adjustments to reconcile net profit of the year to net cash		
Exchange rate differential	7,621	(122,254)
Depreciation	631,645	595,743
Interest Expense Loans	29,778	40,200
	<u>513,047</u>	<u>428,741</u>
Changes in assets and liabilities that provide cash:		
(Increase) decrease in assets:		
Accounts receivable	45,152	97,513
Inventory	7,632	697
Prepaid expenses	11,713	13,662
Others Assets	(9,502)	22,730
Increase (decrease) in Liabilities		
Accounts payable	(49,736)	364,711
Accrued expenses	(17,246)	(73,624)
Others Liabilities	(8,757)	
	<u>492,304</u>	<u>854,429</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of buildings, vehicle and equipment	(287,547)	(662,525)
Net cash used in investing activities	<u>(287,547)</u>	<u>(662,525)</u>
Cash flows from financial activities		
Debt Banks	(261,065)	(173,216)
Additional Paid in Capital	46,785	
Net cash prived by financial activities	<u>(214,280)</u>	<u>(173,216)</u>
Net (decrease) increase in cash	<u>(9,523)</u>	<u>18,687</u>
Cash and cash equivalents at beginning of the year	<u>129,311</u>	<u>110,623</u>
Cash and cash equivalents at end of the year	<u>119,788</u>	<u>129,311</u>

The accompanying notes are an integral part of the financial statements

Statements of Changes in Stockholders' Equity
For the Year Ended September 30, 2011 and 2010

	Notes	Capital Stock	Revaluation Surplus	Additional Paid in Capital	Retained Earnings	Translation Adjustment	Total Equity
Balances September 30, 2009	US\$	<u>3,000,520</u>	<u>7,623,070</u>	<u>6,105,748</u>	<u>(690,326)</u>	<u>(201,139)</u>	<u>15,837,873</u>
Acknowledgment additional capital	17			110,000			110,000
Other Adjustment						1,489	1,489
Prior years adjustment	19				(60,000)		(60,000)
Net Loss of the year					(405,762)		(405,762)
Balances September 30, 2010		<u>3,000,520</u>	<u>7,623,070</u>	<u>6,215,748</u>	<u>(1,156,088)</u>	<u>(199,650)</u>	<u>15,483,599</u>
Increase in Capital Stock	16	3,000,000		(3,000,000)			-
Other Adjustment				46,785		(18,757)	28,028
Prior years adjustment					(35,000)		(35,000)
Net Loss of the year					(155,996)		(155,996)
Balances September 30, 2011	US\$	<u>6,000,520</u>	<u>7,623,070</u>	<u>3,262,533</u>	<u>(1,347,085)</u>	<u>(218,407)</u>	<u>15,320,631</u>

The accompanying notes are an integral part of the financial statements

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

1. Summary of operations and main accounting policies

(a) Operations

Playa Dulce Vida, S. A., is an enterprise organized as a company under the laws of the Republic of Costa Rica. Its core business is the rendering of hotel services. To do this the Company has a 38-room Hotel in Manuel Antonio, Quepos, which began operations on November 15th, 2007.

(b) Basis of preparation of financial statements

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards.

(c) Currency

La The accounting records of the Company are maintained in Costa Rican colones, legal currency of the country, however, the functional currency of the company is the U.S. dollar, because the most of the incomes, loans and other transactions are expressed in U. S. dollar. Transactions related to the exchange of foreign currency should be made through the entities authorized by the Central Bank of Costa Rica for that purpose, whereby each bank is empowered to establish its own exchange rate for purchase and sale of foreign currency.

As of September 30, 2011 the reference exchange rates for purchase and sale of Dollar were ¢ 509.36 and ¢ 519.87 (¢ 502.55 and ¢ 512.94 respectively as of September 30th, 2010)

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

(d) **Translation into US Dollar**

The Company's financial statements were translated into U.S. dollars using the following bases: monetary assets and liabilities at the current rate of exchange prevailing at the balance sheet date and non monetary assets and liabilities and stockholders' equity accounts at historical exchange rates. Income and expenses were translated at the average rate of exchange for the year, except for depreciation, which is remeasured at historical rates, and the income and losses due by Exchange Rates in Dollars are not recorded in the Profit and Loss statement.

(e) **Accounts Receivable**

These are stated at their nominal value

(f) **Inventory**

This is stated at average cost and not exceed the market value.

(g) **Property Buildings, Vehicles, Machinery and Equipment.**

Buildings, machinery and equipment are recorded at acquisition cost. Disbursements for maintenance and minor repairs are charged to results, as they are incurred. The cost of property, machinery and equipment is depreciated by the straight-line method, based on the estimated useful life of the respective assets. Useful life of buildings, machinery and equipment are detailed as follows:

Buildings	50 years
Vehicles	10 years
Machinery and Equipment	5-10 years
Furniture and Fixtures	5-10 years
Computer Equipment	5 years

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

(h) **Accounts Payable**

The accounts payable corresponding to trade and others are carried at their nominal value. Also, the company receives advance payments from guests to reserve rooms, such payments are deferred and later recognized as income when guests check out of the hotel.

(I) **Provisions**

A provision is recognized in the financial statements when the company has acquired a legal or constructive obligation as a result of a past event and is likely that an outflow of economic benefits will be required to settle such obligation. The estimated amount of such provision is adjusted at the date of the balance sheet, directly affecting results of operations.

(j) **Employee's Legal Benefits**

According to the current labor legislation, the Company should pay an indemnification to the employees dismissed without just cause, retired employees, and families of dead employees.

The Company does not record a provision for this concept. The expense is recognized when the obligation arises. In addition, according to current law, 3% of the salaries paid are transferred to different pension funds chosen by the employees.

(k) **Income Tax**

The Company's net incomes are taxed with 30% of Income Tax. Fiscal authorities can review the income tax returns submitted by the Company on the years ending on September 30, 2011, 2010 and 2009.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

(l) **Deferred Income Tax**

Deferred income tax is recorded over those temporary differences between the carrying book value of assets and liabilities and the values used for tax purposes. A deferred tax liability represents a taxable temporary difference, and a deferred tax asset represents a deductible temporary difference. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized

According to the Income Tax Law, companies in the tourism sector that during a fiscal period show losses, will have the right to amortize said losses as a fiscal credit in the next following 3 years. The Company recorded an asset due to deferred income tax of 30% over the losses obtained in Colons, during the 2009 and 2008 fiscal period. But if the Corporation does not generate sufficient profits in the following years, it will lose the opportunity to be able to use the Deferred Income Tax as fiscal credit.

During the fiscal year 2010, in its financial operation in the local currency Colones and product of exchange rates, the company obtained a fiscal earning of ¢ 537,416,459.00, approximately US \$ 1,001,037.00. Hence it had to make use of part of the credit of the Deferred Income Tax, on the amount of US \$ 320,814.00

Year	Movement by year	Application	Balance	Expiration Year
2008	626,618	(64,238)	562,380	2013
2009	264,197	(264,197)	0	2012
2010	(320,814)	0	0	
2011	(7,621) **			
	<u>562,380</u>	<u>(328,435)</u>	<u>562,380</u>	

** Exchange rate adjustment.

The expiration period of the fiscal year 2008 is 5 years, according to the Costa Rica's Tax Law.

In the current fiscal year 2011, the Administration of the Company, did not acknowledged the credit, for Deferred Income Tax, into the financial statement, on losses for the period, since there is not enough assurance that it can be used in the next 3 years.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

(m) Acknowledgement of Revenue

Income from lodging and related services is recognized daily when they occur.

(n) Acknowledgement of Expenses

Expenses are recognized in the statement of results when incurred.

(o) Assets' Impairment

Carrying value of the assets is revised on each balance sheet date, in order to determine if there is any impairment indication, and in such case, the recoverable amount of such asset is estimated. The loss for impairment is recognized when carrying value of the asset exceeds its recoverable amount or its value in use; such effect is recognized in the statement of results for the assets recorded at cost.

The recoverable amount of the assets is equivalent to the highest value obtained after comparing the net selling price with the value in use. The value in use corresponds to the present value of the future cash flows and disbursements resulting from the continuous use of an asset and its final disposition.

(p) Financial Instrument and Credit Risk

The Company's financial instruments are initially recorded at cost and they consist of cash and cash equivalents, accounts receivable, and accounts payable. The Company has not entered into an agreement that involves derivative financial instruments.

The financial instruments subject to credit risk are mainly cash in banks and accounts receivable. Cash in banks are kept at solid financial institutions, and in general, no credit risk concentration exists regarding accounts receivable.

(q) Use of Estimates

The preparation of financial statements in according with International Financial Reporting Standards (IFRS), require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes the estimates and assumptions used in the preparation of these financial statements were appropriate in the circumstances, actual results could differ from those estimates and assumptions.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

(r) Fiscal Period

The corporation's fiscal period goes from October 01, to September 30, of every year.

2. Monetary Assets and Liabilities Denominated in US Dollars

As of September 30th 2011 and 2010, assets and liabilities denominated in dollars of the United States of America are detailed as follows:

Assets:	<u>2011</u>	<u>2010</u>
Cash in Bank	US \$ 105,514.81	78,683
Account Receivable	<u>19,588</u>	<u>67,766</u>
Total Assets	<u>125,103</u>	<u>146,448</u>
Liabilities:		
Account Payable	109,920	475,111
Loans and Notes Payable	7,710,171	7,926,237
Loans Interests Accrued	<u>151,816</u>	<u>119,092</u>
Total Liabilities	<u>7,971,908</u>	<u>8,520,441</u>
Net position in U. S, dollars	US \$ <u>(7,846,805)</u>	<u>(8,373,993)</u>

3. Cash and cash equivalents

As of September 30, 2011 and 2010, cash and cash equivalents are detailed as follow:

	<u>2011</u>	<u>2010</u>
Petty cash and deposit in transit	2,848	4,402
Cash in banks	<u>116,938</u>	<u>124,909</u>
Total	US \$ <u>119,787</u>	<u>129,311</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

4. Account Receivable

As of September 30, 2011 and 2010, account receivables are detailed as follow:

	<u>2011</u>	<u>2010</u>
Trade Accounts Receivables	10,662	32,404
Supplier Advances	0	598
Claim INS	8,926	35,362
Other	23,626	20,002
Total	US \$ <u>43,214</u>	<u>88,365</u>

5. Inventories

As of September 30, 2011 and 2010, Inventories are detailed as follow:

	<u>2011</u>	<u>2010</u>
Food and Beverages	13,081	7,834
Gift Shop	6,657	19,471
Construction Material	4,810	4,875
Total	US \$ <u>24,548</u>	<u>32,180</u>

6. Prepaid Expenses

As of September 30, 2011 and 2010, Prepaid Expenses are detailed as follow:

	<u>2011</u>	<u>2010</u>
Fire Insure and Others	14,286	21,497
Suplies	-	245
Others	3,048	7,306
Total	US \$ <u>17,335</u>	<u>29,048</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

7. Property, Building and Equipment, net

As of September 30, 2011 and 2010, Fixed Assets and the Accumulated Depreciation are detailed as follow:

Historical cost	Balance 2010	Additions	Retirement of Assets	Balance 2011
Lands	8,877			8,877
Buildings	14,275,596	348,073	-	14,623,669
Furniture & Equipment	2,304,817	201,725	-	2,506,543
Vehicles	142,222		-	142,222
Construction in Progress	320,039		(262,252)	57,787
Total US \$	<u>17,051,552</u>	<u>549,798</u>	<u>(262,252)</u>	<u>17,339,098</u>
Depreciacion				
Buildings	(803,056)	(300,705)	-	(1,103,761)
Furniture & Equipment	(785,379)	(316,718)		(1,102,097)
Vehicles	(37,447)	(14,222)	-	(51,670)
Total US \$	<u>(1,625,882)</u>	<u>(631,645)</u>	<u>-</u>	<u>(2,257,527)</u>
Property, buildings and equipment net	<u>15,425,669</u>	<u>(81,847)</u>	<u>262,252</u>	<u>15,081,571</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

Historical cost	Balance 2009	Additions	Retirement of Assets	Balance 2010
Lands	8,877	-		8,877
Buildings	14,181,506	94,090	-	14,275,596
Furniture & Equipment	2,078,276	248,396	(21,855)	2,304,817
Vehicles	142,222	-	-	142,222
Construction in Progress	-	320,039	-	320,039
Total US \$	16,410,881	662,525	(21,855)	17,051,552
Depreciation				
Buildings	(\$19,536)	(283,520)	-	(803,056)
Furniture & Equipment	(491,618)	(298,001)	4,240	(785,379)
Vehicles	(23,225)	(14,222)	-	(37,447)
Total US \$	(1,034,379)	(595,743)	4,240	(1,625,882)
Property, buildings and equipment net	15,376,503	66,782	(17,615)	15,425,669

During 2009, the Corporation's Management decided to reclassify the Pre-Operating Expenses line item as part of the building's value. This line item for US\$ 2,450,000.00, was mainly comprised by expenses due to professional fees, interests and other administrative expenses related to the construction.

A appraisal performed in 2009, establishes a buildings value set at US\$ 6,436,000.00, however, the Corporation's Management determined that there was no need to recognize the impairment of the buildings value based on the fact that future asset flows are greater than the historical cost of the same. According to IAS 36.

8. Other Assets

As of September 30, 2011 and 2010, Other Assets are detailed as follow:

	<u>2011</u>	<u>2010</u>
Other Guarantee Deposits	21,753	19,022
License to sell Liquors	15,142	15,142
Bought Concession of Land	345,000	345,000
Revaluation on Concessions of Land	7,623,070	7,623,070
Other	6,771	
Total	US \$ 8,011,736	8,002,234

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

Land concessions are permissions granted for the use of land in 20-year renewable periods. These concessions have use restrictions and are subject to environmental and municipal regulations and national laws.

The Hotel was constructed with a concession of a property of 42,557 square meters granted by the Local Government of Aguirre, Quepos. According to an appraisal done by an independent real-estate expert in September of 2006, the price on the land was established at US \$ 7,276,000. The term of this concession expired on January 30th, 2010 and according to the Administration of the Company, all legal requisites, in order to extend the term of the concession other 20 years more, were completed satisfactorily and only they are waiting for the final approval of the local government of Aguirre.

In 2002 the company bought another land concession with an area of 4,314 sq.m, the total of this transaction was US \$ 345,000. The term of concession will expire 2016, and the Company expects the renewal for 20 more years.

During FY 2009, the Corporation registered the reasonable value of both land concessions in its accounting records according to the price of US\$170 per sq.m. as established in the appraisal referenced in the second paragraph.

9. Short Term Debt

As of September 30, 2011 and 2010, the Short and Long Term Debt are detailed as follow:

	<u>2011</u>	<u>2010</u>
Desarrollo Faro Verde S. A.	425,480	425,480
Bank Improsa	4,533,103	4,685,014
Bank Lafise	200,200	155,000
Total	US \$ <u>5,158,783</u>	<u>5,265,494</u>

As of September 30th, 2011 Banking Loans were guaranteed by a first-degree mortgage on the buildings and on plot number 1517. Interest rates are from 7.5% to 10% annually. The Corporation is currently negotiating an extension of the payment period with Improsa Bank.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

10. Account Payable

As of September 30, 2011 and 2010, Account Payable are detailed as follow:

	<u>2011</u>	<u>2010</u>
Supplier	181,464	264,158
Advance Payments Received from Guests	309,362	293,134
Otros	59,429	42,698
Total	US\$ <u>550,255</u>	<u>599,991</u>

11. Accrued Expenses

As of September 30, 2011 and 2010, Accrued Expenses are detailed as follow:

	<u>2011</u>	<u>2010</u>
Caja del Seguro Social	20,373	45,230
Taxes	998	1,071
Christmas Bonus	48,330	50,076
Bank and Others loans Interests	21,596	18,650
Shareholders loans Interests	130,221	100,443
Others	57,995	51,512
Total	US \$ <u>279,513</u>	<u>266,981</u>

12. Long Term Debt

As of September 30, 2011 and 2010, the Long Term Debt are detailed as follow:

	<u>2011</u>	<u>2010</u>
Bank Lafise	1,633,552	1,787,906
Total	US \$ <u>1,633,552</u>	<u>1,787,906</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

13. Long Term Loans shareholders:

As of September 30, 2011 and 2010, Long Term Loans Shareholders are detailed as follow:

	<u>2011</u>	<u>2010</u>
Campo Nuevo	667,836	667,836
Carlos Roesch	105,000	105,000
David Callan	10,000	
Wolfgang Tetzlaff	135,000	100,000
Total	US \$ <u>917,836</u>	<u>872,836</u>

14. Operating and Administrative Expenses

As of September 30, 2011 and 2010 Operating and Administrative Expenses are detailed as follow:

	<u>2011</u>	<u>2010</u>
Salaries and Wages	781,094	700,820
Social Security	296,158	267,837
Employee Benefits	157,605	229,290
Energy, Water and Communications	238,246	197,613
Professional Fees	53,433	64,491
Bad Debt Expenses	-	15,010
Advertising	54,627	74,272
Depreciation	631,645	595,743
Impairment of Assets	-	6,258
General Maintenance	201,330	262,683
Supplies	155,536	202,653
Security Services	147,205	135,047
Management Fees	240,611	242,650
Credit Card Commissions	92,412	93,581
Insurance	52,943	57,389
Transfer	15,341	74,852
Local Taxes	105,692	85,552
Other	116,888	155,502
Total	US \$ <u>3,340,766</u>	<u>3,461,244</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

15. Financial Expenses

As of September 30, 2011 and 2010, Financial Expenses are detailed as follow:

	<u>2011</u>	<u>2010</u>
Interest Expense Banks	766,301	816,083
Exchange(Profit) Losses	7,621	(122,254)
Total	US \$ <u>773,922</u>	<u>693,829</u>

16. Common and Preferred stocks

According to Shareholder's meeting minutes number 16 of Assembly held on June 30th, 2004, Shareholders agreed to increase Capital Stock to Three Million United States currency, represented by 3,000 shares of \$1,000.00 each one and 520 preferred shares of \$1.00 each one. The Preferred Stockholders have a right to use the rooms during some periods of the year and the payment of a preferred dividend estimated on the Gross Operation Profit

In minute number 21 of September 9, 2008, an agreement was established to divide stock capital in three million one-dollar shares at one dollar each share.

In 2011, the Administration increased the common capital stock of the Company for US 3,000,000.00, taking the resources of the account Additional Paid in Capital. Due to this, the common capital stock of the Company is set at US \$ 6,000,000.00, and a total of common share of three millions, each valued at US 2.

17. Paid in Capital

The amount of US \$ 3,262,533.00 represents extraordinary money contributions given by the Shareholders to build the Hotel, and for the sale of preferred stock.

During 2010, the Administration of the company proceeded to reverse US 100,000 of Wolfgang Tetzlaff's debt, registered previously in the fiscal year 2009 as Paid in Capital. See note 13 too.

As was mentioned in the note 16, in 2011, US \$ 3,000,000 was taken from this account to increase the capital stock.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

18. Revaluation Surplus

Originated in the recognition of the Realizable Value of the concessions that are detailed in note number 8.

19. Retained Earnings Adjustments

On January 2010, the Company reimbursed US\$60 000 to Hawk Opportunity Fund from a wrongful commission that was taken by a Real Estate Broker a few years ago. therefore it was registered as a "Losses of Prior Periods"

20. Management Administration Agreement:

Playa Dulce Vida established a contract for the management of the hotel with Cayuga Sustainable Hospitality Company. Fees for the contract are estimated based on percentages of income and gross operation profit.

21. Effect of Exchange Rate into the Financial Information

As previously mentioned, the functional currency of the Paya Dulce Vida, S. A., is the USA Dollar, thus, the company does not generate expenses due to exchange rates, for its monetary items, such as debts in said currency, that directly affect financial information or the Profit and Loss Statement.

Nonetheless, for effects of calculation of income tax and in accordance to local fiscal laws, losses or income due to exchange rates must be considered in aforementioned calculation.

As was mentioned in note 1.L, for the losses that companies in the tourism sector have sustained, the Costa Rican's Income Tax Law, grants a credit of 30% of the looses, to be used in future years. This credit is called Differed Income Tax and has an direct effect into the Profit and Loss, diminishing the losses of the period.

During the FY 2008 and 2009 The Company attained significant amounts of exchange rate losses, but during FY 2010 Costa Rican's currency had an appreciation in relation to the US Dollar and the exchange rate had a positive effect that changed the operative losses into a profit (see chart # 1). This profit resulted in the generation of Income Tax or the reduction of the Differed Income Tax for the fiscal year 2010 (see chart # 2)

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2011 and 2010

Chart # 1	2008	2009	2010
Exchange Rate Effect			
Losses	\$ (980,404)	\$ (567,843)	
Profit			\$ 1,327,918
Differed Income Tax	\$ 574,984	\$ 228,016	\$ (320,814)
	Credit	Credit	Debit

Chart # 2	
Differed Income tax	
Year	Movement by year
2008	626,618
2009	264,197
2010	(320,814)
2011	(7,621)
	<u>\$ 562,380</u>

Lic. Elmer Murillo Chaves
Certified Public Accountant
San José, Costa Rica

AUDITOR'S INDEPENDENT OPINION

To the Board of Directors and Shareholders
Playa Dulce Vida, S.A.(The Company)

Independent Opinion of Financial Statements

We have audited the financial statements of, **Playa Dulce Vida, S. A.** as of September 30th, 2012 and 2011 for the years finished on those dates, and a summary of significant accounting policies and explanatory notes to the same.

Administration's Responsibility for the Financial Statements.

The Company's Administration is responsible for the preparation and reasonable presentation of these financial statements, in compliance with the International Norms for Financial Reporting. This responsibility includes: the design, implementation and maintenance of relevant internal controls for the preparation and reasonable presentation of these financial statements and that the same be free of significant erroneous representations, whether caused by fraud or error; selection and application of appropriate accounting policies; and carry out reasonable accounting estimates according to circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion about these financial statements based on our audits. We carry out our audits according to the International Auditing Norms. These norms require our compliance with ethical requirements and to plan and carry out the audits to obtain reasonable assurance that the financial statements are free of relatively important erroneous representations

An audit includes the execution of procedures to obtain auditing evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the evaluation of the risks of relatively important erroneous representations in the financial statements, whether caused by fraud or error. When carrying out evaluations of risk, the auditor takes into consideration the relevant internal controls for the preparation and reasonable presentation of the financial statements of the Company, with the purpose of designing auditing procedures appropriate for the circumstances, but not with the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

An audit also includes an evaluation on how appropriate the accounting policies utilized are and the reasonableness of the accounting estimates made by the Company's administration, as well as an evaluation of the joint presentation of the financial statements.

We consider that the auditing evidence we have obtained is sufficient, appropriate, and provides a foundation for our auditing opinion.

Opinion

In our opinion, the above mentioned financial statements as of September 30, 2012 and 2011, reasonably present the financial situation of **Playa Dulce Vida, S. A.**, the results of their operation, the changes in equity and their cash flows, for the year finished on this date, in compliance with the International Financial Reporting Standards.

San José, March 11th, 2013.



Lic. Elmer Murillo Chaves

Certified Public Accountant No. 2360

Professional liability policy in place No. 0166 FIG 0007, until September, 2013

Stamp Tax Paid – Law no. 6663

Playa Dulce Vida Sociedad Anónima**Balance Sheets****As of September 30, 2012 and September 30, 2011**

<u>Asset</u>	Notes	<u>2012</u>	<u>2011</u>
Current Assets			
Cash and cash equivalents	3	238,918	119,787
Accounts receivable	4	189,653	43,214
Inventories	5	51,887	24,548
Prepaid expenses	6	15,041	17,335
Total current assets	US \$	495,499	204,883
Property, buildings and equipment net	7	14,424,426	15,081,571
Other assets	8	8,007,335	8,011,736
Deferred Income Tax	1.L	481,354	634,262
Total assets	US \$	23,408,615	23,932,453
<u>Liabilities and Equity</u>			
Current Liabilities			
Short Term Debt	9	4,897,948	5,158,783
Accounts Payable Trade	10	531,269	550,255
Accrued Expenses	11	344,435	279,513
Total Current Liabilities		5,773,652	5,988,551
Long term liabilities			
Long Term Debt	12	1,616,091	1,633,552
Long Term Loans shareholders	13	1,017,836	917,836
Total Long Term Liabilities		2,633,927	2,551,388
Total Liabilities		8,407,579	8,539,939
Stockholders's equity			
Common and preferred stocks	17	6,000,520	6,000,520
Paid in capital	18	2,847,533	3,262,533
Revaluation Surplus	19	7,623,070	7,623,070
Retained Earnings		(1,255,445)	(1,275,202)
Translation Adjustment		(214,641)	(218,407)
Total Stockholders's equity		15,001,036	15,392,513
Total Liabilities & Equity	US \$	23,408,615	23,932,453

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima**Profit And Loss Statement****For The Years Ended September 30, 2012 and 2011**

	US \$	<u>2012</u>	<u>2011</u>
Income			
Rooms	notes	3,347,002	3,098,345
Restaurant and Beverage		980,514	942,745
Spa		133,166	142,229
Tours Revenues		328,855	303,112
Others		232,996	198,242
Total Income	14	<u>5,022,534</u>	<u>4,684,673</u>
Cost			
Restaurant and Beverage		311,735	323,038
Tours		195,171	275,500
Other		175,043	127,443
Total Cost	14	<u>681,948</u>	<u>725,981</u>
Gross Profit		<u>4,340,585</u>	<u>3,958,692</u>
Operating and Administrative Expenses			
Operating Expenses		1,052,206	944,523
Administrative and General Expenses		1,699,512	1,710,026
Advertising		166,265	54,572
Depreciation Expenses		672,673	631,645
Total Expenses	15	<u>3,590,655</u>	<u>3,340,766</u>
Operating Profit		<u>749,930</u>	<u>617,926</u>
Financial Expenses	16	566,560	773,922
Net (Loss) Income Before Taxes		<u>183,370</u>	<u>(155,996)</u>
Income Tax			
Deferred Income Tax	1.L		71,882
Current Tax Expense	22	<u>(163,613)</u>	
Net (Loss) Income	US \$	<u>19,757</u>	<u>(84,114)</u>

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima**Statements Of Cash Flows****For The Year Ended September 30, 2012 and 2011**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2012</u>	<u>2011</u>
Net profit (Loss) before taxes	US \$ 183,370	(155,996)
Adjustments to reconcile net profit of the year to net cash		
Exchange rate differential	(10,705)	7,621
Depreciation	672,673	631,645
Impairment of Assets	121,694	
Interest Expense Loans	43,645	29,778
	<u>1,010,677</u>	<u>513,047</u>
Changes in assets and liabilities that provide cash:		
(Increase) decrease in assets:		
Accounts receivable	(146,439)	45,152
Inventory	(27,339)	7,632
Prepaid expenses	2,294	11,713
Others Assets	4,401	(9,502)
Increase (decrease) in Liabilities		
Accounts payable	(18,986)	(49,736)
Accrued expenses	21,277	(17,246)
Others Liabilities	3,766	(8,758)
	<u>849,650</u>	<u>492,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of buildings, vehicle and equipment	(137,221)	(287,547)
Net cash used in investing activities	<u>(137,221)</u>	<u>(287,547)</u>
Cash flows from financial activities		
Loans Bank and shareholders	(178,296)	(261,065)
Additional Paid in Capital	(415,000)	46,785
Net cash prived by financial activities	<u>(593,296)</u>	<u>(214,280)</u>
Net (decrease) increase in cash	<u>119,132</u>	<u>(9,524)</u>
Cash and cash equivalents at beginning of the year	<u>119,787</u>	<u>129,311</u>
Cash and cash equivalents at end of the year	<u>238,918</u>	<u>119,787</u>

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima
Statements of Changes in Stockholders' Equity
For the Year Ended September 30, 2012 and 2011

	Notes	Capital Stock	Revaluation Surplus	Additional Paid in Capital	Retained Earnings	Translation Adjustment	Total Equity
Balances September 30, 2010	US\$	3,000,520	7,623,070	6,215,748	(1,156,088)	(199,650)	15,483,599
Increase in Capital Stock	17	3,000,000		(3,000,000)			-
Others Adjustment				46,785	-	(18,757)	28,028
Prior years adjustment	20				(35,000)		(35,000)
Net Loss of the year					(84,114)		(84,114)
Balances September 30, 2011		6,000,520	7,623,070	3,262,533	(1,275,202)	(218,407)	15,392,513
Reimbursement to preferred shareholders	18			(450,000)			(450,000)
Additional contribution	18			35,000			35,000
Others						3,766	3,766
Net profit of the year					19,757		19,757
Balances September 30, 2012	US\$	6,000,520	7,623,070	2,847,533	(1,255,445)	(214,641)	15,001,036

The accompanying notes are an integral part of the financial statements

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

1. Summary of operations and main accounting policies

(a) Operations

Playa Dulce Vida, S. A., is an enterprise organized as a company under the laws of the Republic of Costa Rica. Its core business is the rendering of hotel services. To do this the Company has a 38-room Hotel in Manuel Antonio, Quepos, which began operations on November 15th, 2007.

(b) Basis of preparation of financial statements

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards.

(c) Currency

La The accounting records of the Company are maintained in Costa Rican colones, legal currency of the country, however, the functional currency of the company is the U.S. dollar, because the most of the incomes, loans and other transactions are expressed in U. S. dollar. Transactions related to the exchange of foreign currency should be made through the entities authorized by the Central Bank of Costa Rica for that purpose, whereby each bank is empowered to establish its own exchange rate for purchase and sale of foreign currency.

As of September 30, 2012 the reference exchange rates for purchase and sale of Dollar were ¢ 492.42 and ¢503.31 (¢509.36 and ¢519.87 respectively as of September 30th, 2011)

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

(d) Translation into US Dollar

The Company's financial statements were translated into U.S. dollars using the following bases: monetary assets and liabilities at the current rate of exchange prevailing at the balance sheet date and non monetary assets and liabilities and stockholders' equity accounts at historical exchange rates. Income and expenses were translated at the average rate of exchange for the year, except for depreciation, which is remeasured at historical rates, and the income and losses due by Exchange Rates in Dollars are not recorded in the Profit and Loss statement.

(e) Accounts Receivable

These are stated at their nominal value

(f) Inventory

This is stated at average cost and not exceed the market value.

(g) Property Buildings, Vehicles, Machinery and Equipment.

Buildings, machinery and equipment are recorded at acquisition cost. Disbursements for maintenance and minor repairs are charged to results, as they are incurred. The cost of property, machinery and equipment is depreciated by the straight-line method, based on the estimated useful life of the respective assets. Useful life of buildings, machinery and equipment are detailed as follows:

Buildings	50 years
Vehicles	10years
Machinery and Equipment	5-10 years
Furniture and Fixtures	5-10 years
Computer Equipment	5 years

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

(h) Accounts Payable

The accounts payable corresponding to trade and others are carried at their nominal value. Also, the company receives advance payments from guests to reserve rooms, such payments are deferred and later recognized as income when guests check out of the hotel.

(I) Provisions

A provision is recognized in the financial statements when the company has acquired a legal or constructive obligation as a result of a past event and is likely that an outflow of economic benefits will be required to settle such obligation. The estimated amount of such provision is adjusted at the date of the balance sheet, directly affecting results of operations.

(j) Employee's Legal Benefits

According to the current labor legislation, the Company should pay an indemnification to the employees dismissed without just cause, retired employees, and families of dead employees.

The Company does not record a provision for this concept. The expense is recognized when the obligation arises. In addition, according to current law, 3% of the salaries paid are transferred to different pension funds chosen by the employees.

(k) Income Tax

The Company's net incomes are taxed with 30% of Income Tax. Fiscal authorities can review the income tax returns submitted by the Company on the years ending on September 30, 2012, 2011, 2010 and 2009.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

(l) Deferred Income Tax

Deferred income tax is recorded over those temporary differences between the carrying book value of assets and liabilities and the values used for tax purposes. A deferred tax liability represents a taxable temporary difference, and a deferred tax asset represents a deductible temporary difference. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized

According to the Income Tax Law, companies in the tourism sector that during a fiscal period show losses, will have the right to amortize the said losses as a fiscal credit in the next following 3 years. The Company recorded an asset due to deferred income tax of 30% over the losses obtained in Colons, during the 2011, 2009 and 2008 fiscal period. But if the Corporation does not generate sufficient profits in the following years, it will lose the opportunity to be able to use the Deferred Income Tax as fiscal credit.

As of September 30, 2012 the Deferred Income Tax, shows the following balances:

Year	Previous Balance	Application	Exchange rate effect	Balance 2012	Expiration Year
2008	562,380	(163,613)	8,232	406,999	2013
2011	71,882		2,473	74,355	2014
2012	(163,613)				
US \$	<u>634,262</u>	<u>(163,613)</u>	<u>10,705</u>	<u>481,354</u>	

The expiration period of the fiscal year 2008 is 5 years, according to the Costa Rica's Tax Law.

(m) Acknowledgement of Revenue

Income from lodging and related services is recognized daily when they occur.

(n) Acknowledgement of Expenses

Expenses are recognized in the statement of results when incurred.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

(o) Assets' Impairment

Carrying value of the assets is revised on each balance sheet date, in order to determine if there is any impairment indication, and in such case, the recoverable amount of such asset is estimated. The loss for impairment is recognized when carrying value of the asset exceeds its recoverable amount or its value in use; such effect is recognized in the statement of results for the assets recorded at cost.

The recoverable amount of the assets is equivalent to the highest value obtained after comparing the net selling price with the value in use. The value in use corresponds to the present value of the future cash flows and disbursements resulting from the continuous use of an asset and its final disposition.

(p) Financial Instrument and Credit Risk

The Company's financial instruments are initially recorded at cost and they consist of cash and cash equivalents, accounts receivable, and accounts payable. The Company has not entered into an agreement that involves derivative financial instruments.

The financial instruments subject to credit risk are mainly cash in banks and accounts receivable. Cash in banks are kept at solid financial institutions, and in general, no credit risk concentration exists regarding accounts receivable.

(q) Use of Estimates

The preparation of financial statements in according with International Financial Reporting Standards (IFRS), require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes the estimates and assumptions used in the preparation of these financial statements were appropriate in the circumstances, actual results could differ from those estimates and assumptions.

(r) Fiscal Period

The corporation's fiscal period goes from October 01, to September 30, of every year.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

2. Monetary Assets and Liabilities Denominated in US Dollars

As of September 30th 2012 and 2011, assets and liabilities denominated in dollars of the United States of America are detailed as follows:

Assets:	<u>2012</u>	<u>2011</u>
Cash in Bank	US \$ 210,642.00	105,515
Account Receivable	119,882	19,588
Total Assets	<u>330,524</u>	<u>125,103</u>
Liabilities:		
Account Payable	468,059	109,920
Loans and Notes Payable	7,531,875	7,710,171
Loans Interests Accrued	196,210	151,816
Total Liabilities	<u>8,196,144</u>	<u>7,971,908</u>
Net position in U. S, dollars	US \$ <u>(7,865,619)</u>	<u>(7,846,805)</u>

3. Cash and cash equivalents

As of September 30, 2012 and 2011, cash and cash equivalents are detailed as follow:

	<u>2012</u>	<u>2011</u>
Petty cash and deposit in transit	6,276	2,848
Cash in banks	232,642	116,938
Total	US \$ <u>238,918</u>	<u>119,787</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

4. Account Receivable

As of September 30, 2012 and 2011, account receivables are detailed as follow:

	<u>2012</u>	<u>2011</u>
Trade Accounts Receivables	43,872	10,662
Claim INS	-	8,926
Shareholders	76,011	-
Others	69,770	23,626
Total	US \$ <u>189,653</u>	<u>43,214</u>

5. Inventories

As of September 30, 2012 and 2011, Inventories are detailed as follow:

	<u>2012</u>	<u>2011</u>
Food and Beverages	18,286	13,081
Gift Shop	3,976	6,657
Spare part and supplies	29,626	4,810
Total	US \$ <u>51,887</u>	<u>24,548</u>

6. Prepaid Expenses

As of September 30, 2012 and 2011, Prepaid Expenses are detailed as follow:

	<u>2012</u>	<u>2011</u>
Fire Insure and Others	13,891	14,286
Others	1,150	3,048
Total	US \$ <u>15,041</u>	<u>17,335</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

7. Property, Building and Equipment, net

As of September 30, 2012 and 2011, Fixed Assets and the Accumulated Depreciation are detailed as follow:

Historical cost	Balance 2011	Additions	Retirement of Assets	Balance 2012
Lands	8,877			8,877
Buildings	14,623,669	34,793	-	14,658,463
Furniture & Equipment	2,506,543	160,215	(261,589)	2,405,169
Vehicles	142,222		-	142,222
Construction in Progress	57,787		(57,787)	-
Total US \$	<u>17,339,098</u>	<u>195,009</u>	<u>(319,377)</u>	<u>17,214,730</u>
Depreciacion				
Buildings	(1,103,761)	(322,339)	-	(1,426,099)
Furniture & Equipment	(1,102,097)	(336,112)	139,895	(1,298,313)
Vehicles	(51,670)	(14,222)	-	(65,892)
Total US \$	<u>(2,257,527)</u>	<u>(672,673)</u>	<u>139,895</u>	<u>(2,790,304)</u>
Property, buildings and equipment net	<u><u>15,081,571</u></u>	<u><u>(477,664)</u></u>	<u><u>459,272</u></u>	<u><u>14,424,426</u></u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

Historical cost	Balance 2010	Additions	Retirement of Assets	Balance 2011
Lands	8,877			8,877
Buildings	14,275,596	348,073	-	14,623,669
Furniture & Equipment	2,304,817	201,725	-	2,506,543
Vehicles	142,222		-	142,222
Construction in Progress	320,039		(262,252)	57,787
Total US \$	17,051,552	549,798	(262,252)	17,339,098
Depreciacion				
Buildings	(803,056)	(300,705)	-	(1,103,761)
Furniture & Equipment	(785,379)	(316,718)	-	(1,102,097)
Vehicles	(37,447)	(14,222)	-	(51,670)
Total US \$	(1,625,882)	(631,645)	-	(2,257,527)
Property, buildings and equipment net	15,425,669	(81,847)	262,252	15,081,571

A appraisal performed in 2009, establishes a buildings value set at US\$ 6,436,000.00, however, the Corporation's Management determined that there was no need to recognize the impairment of the buildings value based on the fact that future asset flows are greater than the historical cost of the same. According to IAS 36.

During the fiscal year 2012, was recorded an expense for US \$ 121,694.00 into the account Administrative and General Expenses, due to an impairment of some fix asset of Furniture and Equipment, principally the air conditioners of the rooms

8. Other Assets

As of September 30, 2012 and 2011, Other Assets are detailed as follow:

	<u>2012</u>	<u>2011</u>
Other Guarantee Deposits	24,818	21,753
License to sell Liquors	14,448	15,142
Bought Concession of Land	345,000	345,000
Revaluation on Concessions of Land	7,623,070	7,623,070
	-	6,771
Total	US \$ <u>8,007,335</u>	<u>8,011,736</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

Land concessions are permissions granted for the use of land in 20-year renewable periods. These concessions have use restrictions and are subject to environmental and municipal regulations and national laws.

The Hotel was constructed with a concession of a property of 42,557 square meters granted by the Local Government of Aguirre, Quepos. According to an appraisal done by an independent real-estate expert in September of 2006, the price on the land was established at US \$ 7,276,000.

The term of this concession expired on January 30th, 2010 and according to the Administration of the Company, all legal requisites, in order to extend the term of the concession other 20 years more, were completed satisfactorily, however, the renewal process has been stopped by a dispute with the SINAC (Sistema Nacional de Áreas de Conservación) government office responsible for the conservation and sustainable management of wildlife and forest resources, those who intend significantly reduce the land areas where the Hotel could build new facilities. These restrictions if realized, could negatively affect the value of the concessions.

In 2002 the Company bought another land concession with an area of 4,314 sq.m, the total of this transaction was US \$ 345,000. The term of concession will expire 2016, and the Company expects the renewal for 20 more years.

During FY 2009, the Corporation registered the reasonable value of both land concessions in its accounting records according to the price of US\$170 per sq.m as established in the appraisal referenced in the second paragraph.

9. Short Term Debt

As of September 30, 2012 and 2011, the Short and Long Term Debt are detailed as follow:

	<u>2012</u>	<u>2011</u>
Desarrollo Faro Verde S. A.	427,339	425,480
Bank Improsa	4,350,509	4,533,103
Bank Lafise	120,100	200,200
Total	US \$ <u>4,897,948</u>	<u>5,158,783</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

As of September 30th, 2012 Banking Loans were guaranteed by a first-degree mortgage on the buildings and on plot number 1517. Interest rates are from 7.5% to 10% annually.

The Corporation is currently negotiating an extension of the payment period with Improsa Bank.

10. Account Payable

As of September 30, 2012 and 2011, Account Payable are detailed as follow:

	<u>2012</u>	<u>2011</u>
Supplier	178,505	181,464
Advance Payments Received from Guests	361,059	309,362
Others	(8,295)	59,429
Total	US\$ <u>531,269</u>	<u>550,255</u>

11. Accrued Expenses

As of September 30, 2012 and 2011, Accrued Expenses are detailed as follow:

	<u>2012</u>	<u>2011</u>
Caja del Seguro Social	24,468	20,373
Taxes	1,264	998
Christmas Bonus	70,054	48,330
Bank and Others loans Interests	22,345	21,596
Shareholders loans Interests	173,865	130,221
Others	52,439	57,995
Total	US \$ <u>344,435</u>	<u>279,513</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

12. Long Term Debt

As of September 30, 2012 and 2011, the Long Term Debt are detailed as follow:

	<u>2012</u>	<u>2011</u>
Bank Lafise	1,616,091	1,633,552
Total	US \$ <u>1,616,091</u>	<u>1,633,552</u>

13. Long Term Loans shareholders:

As of September 30, 2012 and 2011, Long Term Loans Shareholders are detailed as follow:

	<u>2012</u>	<u>2011</u>
Campo Nuevo	667,836	667,836
Carlos Roesch	105,000	105,000
David Callan	110,000	10,000
Wolfgang Tetzlaff	135,000	135,000
Total	US \$ <u>1,017,836</u>	<u>917,836</u>

14. Incomes, Costs and Direct Expenses:

As of September 30, 2012, incomes, costs and direct expenses are detailed as follow:

	Revenue	Costs	Direct Expenses	Gross Income
Rooms	US \$ 3,347,002		526,047	2,820,954
Restaurant and Beverage	980,514	311,735	390,879	277,901
Gift Shop	67,729	44,061	8,916	14,752
Transportation	140,373	130,911		9,463
Spa	133,166	71	52,135	80,960
Tours Revenues	328,855	195,171	74,228	59,456
Other	24,895			24,895
Total	US \$ <u>5,022,534</u>	<u>681,948</u>	<u>1,052,206</u>	<u>3,288,380</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

15. Operating and Administrative Expenses

As of September 30, 2012 and 2011 Operating and Administrative Expenses are detailed as follow:

	<u>2012</u>
Salaries and Wages	839,359
Social Security	328,881
Employee Benefits	87,430
Energy, Water and Communications	249,722
Professional Fees	55,717
Marketing & Sales Expenses	166,265
Depreciation	672,673
Impairment of Assets	121,694
General Maintenance	142,320
Supplies	178,295
Security Services	147,492
Management Fees	75,867
Credit Card Commissions	100,853
Insurance	51,551
Transportation	45,935
Local Taxes	83,885
Other	78,723
Contract Services	116,983
Complementary Guest Services & Gifts	34,147
CST Projects Donations	12,862
Total	US \$ <u><u>3,590,655</u></u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

	<u>2011</u>
Salaries and Wages	781,094
Social Security	296,158
Employee Benefits	157,605
Energy, Water and Communications	238,246
Professional Fees	53,433
Advertising	54,627
Depreciation	631,645
General Maintenance	201,330
Supplies	155,536
Security Services	147,205
Management Fees	240,611
Credit Card Commissions	92,412
Insurance	52,943
Transfer	15,341
Local Taxes	105,692
Other	116,888
Total	US \$ <u><u>3,340,766</u></u>

16. Financial Expenses

As of September 30, 2012 and 2011, Financial Expenses are detailed as follow:

	<u>2012</u>	<u>2011</u>
Interest Expense Banks	577,265	766,301
Exchange(Profit) Losses	(10,705)	7,621
Total	US \$ <u><u>566,560</u></u>	<u><u>773,922</u></u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

17. Common and Preferred stocks

According to Shareholder's meeting minutes number 16 of Assembly held on June 30th, 2004, Shareholders agreed to increase Capital Stock to Three Million United States currency, represented by 3,000 shares of \$1,000.00 each one and 520 preferred shares of \$1.00 each one. The Preferred Stockholders have a right to use the rooms during some periods of the year and the payment of a preferred dividend estimated on the Gross Operation Profit

In minute number 21 of September 9, 2008, an agreement was established to divide stock capital in three million shares at one dollar each share.

In 2011, the Administration increased the common capital stock of the Company for US 3,000,000.00, taking the resources of the account Additional Paid in Capital. Due to this, the common capital stock of the Company is set at US \$ 6,000,000.00, and a total of common share of three millions, each valued at US 2.

Currently the administration of the Company is in a process to change the preference shares in possession of the Preference Shareholders for common stocks

18. Paid in Capital

The amount of US \$ 2,847,533.00 (\$ 3,262,533.00 as of September 30th, 2011) represents extraordinary money contributions given by the Shareholders to build the Hotel, and for the sale of preferred stock.

As was mentioned in the note 17, in 2011, US \$ 3,000,000 was taken from this account to increase the capital stock.

Also, during the fiscal year 2012, by agreement of Board of Directors, was approved and paid, a reimbursement of US \$ 450.000 to the preferred shareholders who refused to change the preferred share for common stocks. In addition, there was an extraordinary contribution of Capital by US \$ 35,000, this transaction was not well justified with the right documentations.

19. Revaluation Surplus

Originated in the recognition of the Realizable Value of the concessions that are detailed in note number 8.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2012 and 2011

20. Adjustments to prior years

The financial statements of the year 2011 were modified because of the Administration of the Company, included an accounting adjustment for the deferred income tax, which was not recorded in that year, due to there was not reasonable certainty that the tax credit could be used within period of three year

21. Management Administration Agreement:

Playa Dulce Vida established a contract for the management of the hotel with Cayuga Sustainable Hospitality Company. Fees for the contract are estimated based on percentages of income and gross operation profit.

22. Income Tax Expense

The Income Tax calculation for the period 2012 is detailed as follow:

Profit before income tax	US \$	183,370
Plus		
Exchange rate earnings due to the appretiation		
** of de Costa Rica's currency		267,110
*** Expenses not deductible		118,776
Less		
Other adjustments		(23,869)
		<u>545,387</u>
Income tax 30%	US \$	163,616

** During the FY 2012, the Costa Rican's currency had an appreciation in relation with the US Dollar, this effect must be added to the calculation of the Income Tax Expense.

*** Non-deductible expenses are expenses that for some reason are not deductible from the income tax return

Lic. Elmer Murillo Chaves
Certified Public Accountant
San José, Costa Rica

AUDITOR'S INDEPENDENT OPINION

To the Board of Directors and Shareholders
Playa Dulce Vida, S.A.(The Company)

Independent Opinion of Financial Statements

We have audited the financial statements of, **Playa Dulce Vida, S. A.** as of September 30th, 2014 and 2013 for the years finished on those dates, and a summary of significant accounting policies and explanatory notes to the same.

Administration's Responsibility for the Financial Statements.

The Company's Administration is responsible for the preparation and reasonable presentation of these financial statements, in compliance with the International Norms for Financial Reporting. This responsibility includes: the design, implementation and maintenance of relevant internal controls for the preparation and reasonable presentation of these financial statements and that the same be free of significant erroneous representations, whether caused by fraud or error; selection and application of appropriate accounting policies; and carry out reasonable accounting estimates according to circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion about these financial statements based on our audits. We carry out our audits according to the International Auditing Norms. These norms require our compliance with ethical requirements and to plan and carry out the audits to obtain reasonable assurance that the financial statements are free of relatively important erroneous representations

An audit includes the execution of procedures to obtain auditing evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the evaluation of the risks of relatively important erroneous representations in the financial statements, whether caused by fraud or error. When carrying out evaluations of risk, the auditor takes into consideration the relevant internal controls for the preparation and reasonable presentation of the financial statements of the Company, with the purpose of designing auditing procedures appropriate for the circumstances, but not with the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

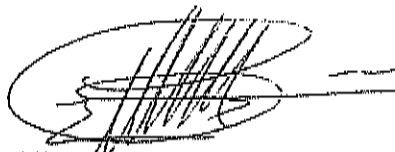
An audit also includes an evaluation on how appropriate the accounting policies utilized are and the reasonableness of the accounting estimates made by the Company's administration, as well as an evaluation of the joint presentation of the financial statements.

We consider that the auditing evidence we have obtained is sufficient, appropriate, and provides a foundation for our auditing opinion.

Opinion

In our opinion, the above mentioned financial statements as of September 30, 2014 and 2013, reasonably present the financial situation of **Playa Dulce Vida, S. A.**, the results of their operation, the changes in equity and their cash flows, for the year finished on this date, in compliance with the International Financial Reporting Standards.

San José, January 30th, 2015.



Lic. Elmer Murillo Chaves

Certified Public Accountant No. 2360

Professional liability policy in place No. 0166 FIG 0007, until September, 2015

Stamp Tax Paid – Law no. 6663



Playa Dulce Vida Sociedad Anónima**Balance Sheets****As of September 30, 2014 and September 30, 2013**

<u>Asset</u>	Notes	<u>2014</u>	<u>2013</u>
Current Assets			
Cash and cash equivalents	3	384,620	438,984
Accounts receivable	4	788,085	352,421
Inventories	5	83,869	86,166
Prepaid expenses	6	42,894	41,564
Total current assets	US \$	<u>1,299,469</u>	<u>919,134</u>
Buildings furniture and equipment net	7	13,758,689	14,043,368
Other assets	8	4,563,642	8,007,281
Deferred income tax	1.L	60,636	334,651
Total assets	US \$	<u>19,682,437</u>	<u>23,304,433</u>
<u>Liabilities and Equity</u>			
Current Liabilities			
Current installments of long-term debt	9	199,425	314,676
Accounts payable trade	10	674,936	805,998
Accrued expenses	11	363,751	147,018
Total current liabilities		<u>1,238,112</u>	<u>1,267,692</u>
Long term liabilities			
Long term debt	12	5,650,106	5,849,531
Long term loans shareholders	13	923,369	1,153,368
Total long term liabilities		<u>6,573,475</u>	<u>7,002,899</u>
Total liabilities		<u>7,811,587</u>	<u>8,270,591</u>
Stockholders' equity			
Common and preferred stocks	17	7,917,668	7,917,668
Excess paid in capital	18	1,020,385	1,020,385
Revaluation surplus	19	4,244,100	7,668,070
Retained earnings		(1,090,842)	(1,300,232)
Translation adjustment		(220,461)	(272,048)
Total stockholders' equity		<u>11,870,849</u>	<u>15,033,842</u>
Total Liabilities & Equity	US \$	<u>19,682,437</u>	<u>23,304,433</u>

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima**Profit And Loss Statement****For The Years Ended September 30, 2014 and 2013**

	US \$	<u>2014</u>	<u>2013</u>
Income			
Rooms	notes	3,819,085	3,302,353
Restaurant and beverage		1,028,575	918,818
Spa		117,283	116,144
Tours revenues		410,054	352,614
Others		225,964	208,524
Total income		<u>5,600,961</u>	<u>4,898,453</u>
Cost			
Rooms		803,502	562,795
Restaurant and beverage		721,172	624,674
Spa		53,936	49,221
Tours		285,838	290,754
Other		170,888	161,467
Total Cost	14	<u>2,035,336</u>	<u>1,688,911</u>
Gross profit		<u>3,565,625</u>	<u>3,209,542</u>
Operating and administrative expenses			
Administrative and general expenses	15	1,777,791	1,637,666
Marketing & sales		182,218	208,769
Depreciation expenses		539,643	532,313
Total expenses		<u>2,499,652</u>	<u>2,378,748</u>
Operating profit		<u>1,065,973</u>	<u>830,794</u>
Financial expenses	16	580,901	744,779
Net income before taxes		<u>485,071</u>	<u>86,015</u>
Income tax			
Current tax expense	22	<u>(70,023)</u>	<u>(95,239)</u>
Net (loss) income	US \$	<u>415,048</u>	<u>(9,224)</u>

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima**Statements Of Cash Flows****For The Year Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash flow provide of (used in) operating activities:		
Net profit (Loss) of the year	US \$ 485,071	86,015
Cash flow provide of (used in) operating activities:		
Exchange rate differential	4,977	
Depreciation	539,643	532,313
Interest Expense	236,233	48,792
	<u>1,265,925</u>	<u>667,121</u>
Changes in assets and liabilities that provide cash:		
(Increase) decrease in assets:		
Accounts receivable	(435,664)	(170,114)
Inventory	2,296	(34,278)
Prepaid expenses	(1,331)	(26,523)
Others Assets	18,904	
Increase (decrease) in Liabilities		
Accounts payable	(131,062)	274,729
Accrued expenses	(19,500)	(66,109)
	<u>699,569</u>	<u>644,826</u>
Cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of buildings, vehicle and equipment	(254,964)	(160,133)
Net cash used in investing activities	(254,964)	(160,133)
Cash flows from financial activities		
Loans Bank and shareholders	(498,968)	(284,628)
Net cash provided by financial activities	(498,968)	(284,628)
Net (decrease) increase in cash equivalents	<u>(54,363)</u>	<u>200,065</u>
Cash and cash equivalents at beginning of the year	<u>438,984</u>	<u>238,918</u>
Cash and cash equivalents at end of the year	US \$ <u><u>384,620</u></u>	<u><u>438,983</u></u>

The accompanying notes are an integral part of the financial statements

Playa Dulce Vida Sociedad Anónima
Statements of Changes in Stockholders' Equity
For the Year Ended September 30, 2014 and 2013

	Notes	Capital Stock	Revaluation Surplus	Excess Paid in Capital	Retained Earnings	Translation Adjustment	Total Equity
Balances September 30, 2012		6,000,520	7,623,070	2,847,533	(1,255,445)	(214,641)	15,001,036
Increase in Capital Stock	17	1,917,148		(1,917,148)			-
Reversal shareholder contribution	18			(210,000)			(210,000)
Sale of common stock	18		45,000	300,000			300,000
Others					(35,563)	(57,407)	(47,970)
Net loss of the year					(9,224)		(9,224)
Balances September 30, 2013		7,917,668	7,668,070	1,020,385	(1,300,232)	(272,048)	15,033,842
Reduction in concession area	19		(3,423,970)				(3,423,970)
Expiration of deferred income tax	20				(199,014)		(199,014)
Others					(6,644)	51,587	44,943
Net profit of the year					415,048		415,048
Balances September 30, 2014	US\$	7,917,668	4,244,100	1,020,385	(1,090,842)	(220,461)	11,870,849

The accompanying notes are an integral part of the financial statements

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2014 and 2013

1. Summary of operations and main accounting policies

(a) Operations

Playa Dulce Vida, S. A., is an enterprise organized as a company under the laws of the Republic of Costa Rica. Its core business is the rendering of hotel services. To do this the Company has a 38-room Hotel in Manuel Antonio, Quepos, which began operations on November 15th, 2007.

(b) Basis of preparation of financial statements

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards.

(c) Currency

The accounting records of the Company are maintained in Costa Rican colones, legal currency of the country, however, the functional currency of the company is the U.S. dollar, because the most of the incomes, loans and other transactions are expressed in U. S. dollar.

Transactions related to the exchange of foreign currency should be made through the entities authorized by the Central Bank of Costa Rica for that purpose, whereby each bank is empowered to establish its own exchange rate for purchase and sale of foreign currency.

As of September 30th, 2014 the reference exchange rates for purchase and sale of Dollar were ¢ 534.02 and ¢ 545.52 (¢ 493.51 and ¢ 505.57 respectively as of September 30th, 2013)

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2014 and 2013

(d) Translation into US Dollar

The Company's financial statements were translated into U.S. dollars using the following bases: monetary assets and liabilities at the current rate of exchange prevailing at the balance sheet date and non monetary assets and liabilities and stockholders' equity accounts at historical exchange rates. Income and expenses were translated at the average rate of exchange for the year, except for depreciation, which is remeasured at historical rates, and the income and losses due by Exchange Rates in Dollars are not recorded in the Profit and Loss statement.

(e) Accounts Receivable

These are stated at their nominal value

(f) Inventory

This is stated at average cost and not exceed the market value.

(g) Buildings Furniture, Vehicles, Machinery and Equipment.

Buildings, machinery and equipment are recorded at acquisition cost. Disbursements for maintenance and minor repairs are charged to results, as they are incurred. The cost of property, machinery and equipment is depreciated by the straight-line method, based on the estimated useful life of the respective assets. Useful life of buildings, machinery and equipment are detailed as follows:

Buildings	50 years
Vehicles	10 years
Machinery and Equipment	5-10 years
Furniture and Fixtures	5-10 years
Computer Equipment	5 years

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2014 and 2013

(h) **Accounts Payable**

The accounts payable corresponding to trade and others are carried at their nominal value. Also, the company receives advance payments from guests to reserve rooms, such payments are deferred and later recognized as income when guests check out of the hotel.

(I) **Provisions**

A provision is recognized in the financial statements when the company has acquired a legal or constructive obligation as a result of a past event and is likely that an outflow of economic benefits will be required to settle such obligation. The estimated amount of such provision is adjusted at the date of the balance sheet, directly affecting results of operations.

(j) **Employee's Legal Benefits**

According to the current labor legislation, the Company should pay an indemnification to the employees dismissed without just cause, retired employees, and families of dead employees.

The Company does not record a provision for this concept. The expense is recognized when the obligation arises. In addition, according to current law, 3% of the salaries paid are transferred to different pension funds chosen by the employees.

(k) **Income Tax**

The Company's net incomes are taxed with 30% of Income Tax. Fiscal authorities can review the income tax returns submitted by the Company on the years ending on September 30, 2014, 2013, 2012 and 2010.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2014 and 2013

(l) **Deferred Income Tax**

Deferred income tax is recorded over those temporary differences between the carrying book value of assets and liabilities and the values used for tax purposes. A deferred tax liability represents a taxable temporary difference, and a deferred tax asset represents a deductible temporary difference. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized

According to the Income Tax Law, companies in the tourism sector that during a fiscal period shows losses, will have the right to amortize the said losses as a fiscal credit in the next following 3 years.

(m) **Acknowledgement of Revenue**

Income from lodging and related services is recognized daily when they occur.

(n) **Acknowledgement of Expenses**

Expenses are recognized in the statement of results when incurred.

(o) **Assets' Impairment**

Carrying value of the assets is revised on each balance sheet date, in order to determine if there is any impairment indication, and in such case, the recoverable amount of such asset is estimated. The loss for impairment is recognized when carrying value of the asset exceeds its recoverable amount or its value in use; such effect is recognized in the statement of results for the assets recorded at cost.

The recoverable amount of the assets is equivalent to the highest value obtained after comparing the net selling price with the value in use. The value in use corresponds to the present value of the future cash flows and disbursements resulting from the continuous use of an asset and its final disposition.

(p) **Financial Instrument and Credit Risk**

The Company's financial instruments are initially recorded at cost and they consist of cash and cash equivalents, accounts receivable, and accounts payable. The Company has not entered into an agreement that involves derivative financial instruments.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2014 and 2013

The financial instruments subject to credit risk are mainly cash in banks and accounts receivable. Cash in banks are kept at solid financial institutions, and in general, no credit risk concentration exists regarding accounts receivable.

(q) Use of Estimates

The preparation of financial statements in according with International Financial Reporting Standards (IFRS), require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes the estimates and assumptions used in the preparation of these financial statements were appropriate in the circumstances, actual results could differ from those estimates and assumptions.

(r) Fiscal Period

The corporation's fiscal period goes from October 01, to September 30, of every year.

2. Monetary Assets and Liabilities Denominated in US Dollars

As of September 30th, 2014 and 2013, assets and liabilities denominated in dollars of the United States of America are detailed as follows:

Assets:	<u>2014</u>	<u>2013</u>
Cash in Bank	US \$ 313,281.50	327,593
Account Receivable	764,642	331,660
Total Assets	<u>1,077,923</u>	<u>659,253</u>
Liabilities:		
Account Payable	615,844	612,213
Loans and Notes Payable	6,772,900	7,317,575
Loans Interests Accrued	280,418	65,294
Total Liabilities	<u>7,669,162</u>	<u>7,995,082</u>
Net position in U. S, dollars	US \$ <u>(6,591,239)</u>	<u>(7,335,829)</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2014 and 2013

3. Cash and cash equivalents

As of September 30th, 2014 and 2013, cash and cash equivalents are detailed as follow:

		<u>2014</u>	<u>2013</u>
Petty cash and deposit in transit	US \$	2,218	13,850
Cash in banks		335,217	377,635
Temporary investment		47,185	47,499
Total	US \$	<u>384,620</u>	<u>438,984</u>

4. Account Receivable

As of September 30th, 2014 and 2013, account receivables are detailed as follow:

		<u>2014</u>	<u>2013</u>
Trade Accounts Receivables	US \$	82,034	48,994
Shareholders		630,429	282,666
Suppliers in Advance		56,083	-
Others		19,539	20,761
Total	US \$	<u>788,085</u>	<u>352,421</u>

5. Inventories

As of September 30th, 2014 and 2013, Inventories are detailed as follow:

		<u>2014</u>	<u>2013</u>
Food and Beverages	US \$	32,842	40,782
Gift Shop		2,839	2,087
Spare part and supplies		48,189	43,297
Total	US \$	<u>83,869</u>	<u>86,166</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2014 and 2013

6. Prepaid Expenses

As of September 30th, 2014 and 2013, Prepaid Expenses are detailed as follow:

		<u>2014</u>	<u>2013</u>
Fire Insure and Others	US \$	19,580	15,739
Others		23,314	25,825
Total	US \$	<u><u>42,894</u></u>	<u><u>41,564</u></u>

7. Property, Building and Equipment, net

As of September 30th, 2014 and 2013, Fixed Assets and the Accumulated Depreciation are detailed as follow:

Historical cost	Balance 2013	Additions	Retirement of Assets	Balance 2014
Buildings	14,682,190	119,155	-	14,801,345
Furniture & Equipment	2,527,314	135,809	-	2,663,123
Vehicles	156,482	-	-	156,482
Total US \$	<u>17,365,986</u>	<u>254,964</u>	<u>-</u>	<u>17,620,950</u>
Depreciation				
Buildings	(1,749,374)	(331,638)	-	(2,081,012)
Furniture & Equipment	(1,492,298)	(192,357)	-	(1,684,655)
Vehicles	(80,946)	(15,648)	-	(96,594)
Total US \$	<u>(3,322,618)</u>	<u>(539,643)</u>	<u>-</u>	<u>(3,862,261)</u>
Buildings furniture and equipment net	<u>14,043,368</u>	<u>(284,679)</u>	<u>-</u>	<u>13,758,689</u>

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2014 and 2013

Historical cost	Balance 2012	Additions	Retirement of Assets	Balance 2013
Buildings	14,658,463	23,727	-	14,682,190
Furniture & Equipment	2,405,168	122,146	-	2,527,314
Vehicles	142,222	14,260	-	156,482
Total US \$	<u>17,205,853</u>	<u>160,133</u>	<u>-</u>	<u>17,365,986</u>
Depreciation				
Buildings	(1,426,099)	(323,275)	-	(1,749,374)
Furniture & Equipment	(1,298,314)	(193,984)	-	(1,492,298)
Vehicles	(65,892)	(15,054)	-	(80,946)
Total US \$	<u>(2,790,305)</u>	<u>(532,313)</u>	<u>-</u>	<u>(3,322,618)</u>
Buildings furniture and equipment net	<u>14,415,548</u>	<u>(372,180)</u>	<u>-</u>	<u>14,043,368</u>

An appraisal performed in 2009, establishes a buildings value set at US\$ 6,436,000.00, however, the Corporation's Management determined that there was no need to recognize the impairment of the buildings value based on the fact that future asset flows are greater than the historical cost of the same. According to IAS 36.

8. Other Assets

As of September 30th, 2014 and 2013, Other Assets are detailed as follow:

		<u>2014</u>	<u>2013</u>
Other Guarantee Deposits	US \$	5,095	24,763
License to sell Liquors		14,448	14,448
Bought Concession of Land		300,000	300,000
Revaluation on Concessions of Land		4,244,100	7,668,070
Total	US \$	<u>4,563,642</u>	<u>8,007,281</u>

Land concessions are permissions granted for the use of land in 20-year renewable periods. These concessions have use restrictions and are subject to environmental and municipal regulations and national laws.

PLAYA DULCE VIDA, S. A.
Notes to the Financial Statements
As Of September 30th, 2014 and 2013

The Hotel was constructed with a concession of a property of 42,557 square meters granted by the Local Government of Aguirre, Quepos. According to an appraisal done by an independent real-estate expert in September of 2006, the price on the land was established at US \$ 7,276,000.

The term of this concession expired on January 30th, 2010, and during the renewal process SINAC (National System of Conservation Areas), government office responsible for the conservation and sustainable management of wildlife and forest resources, reduced the concession area in 20.141 sq m. This situation meant an adjustment in the value of the concession and the revaluation surplus of US \$ 3,423,970.

In 2002 the Company bought another land concession with an area of 4,314 sq.m, the total of this transaction was US \$ 300,000. The term of concession will expire 2016, and the Company expects the renewal for 20 more years.

During FY 2009, the Corporation registered the reasonable value of both land concessions in its accounting records according to the price of US\$170 per sq.m. as established in the appraisal referenced in the second paragraph.

9. Current Installments of long- term debt

As of September 30th, 2014 and 2013, the Current installment of long term debt are detailed as follow:

	<u>2014</u>	<u>2013</u>
Improsa Bank	199,425	314,676
Total	US \$ 199,425	314,676

10. Account Payable

As of September 30th, 2014 and 2013, Account payable are detailed as follow:

	<u>2014</u>	<u>2013</u>
Supplier	US \$ 89,978	97,602
Advance Payments Received from Guests	590,223	579,319
Others	(5,265)	129,077
Total	US\$ 674,936	805,998

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11. Accrued Expenses

As of September 30th, 2014 and 2013, Accrued expenses are detailed as follow:

		<u>2014</u>	<u>2013</u>
Caja del Seguro Social	US \$	24,678	17,754
Christmas Bonus		56,499	58,035
Interests		280,418	65,294
Others		2,157	5,935
Total	US \$	<u><u>363,751</u></u>	<u><u>147,018</u></u>

12. Long Term Debt

As of September 30th, 2014 and 2013, the Long Term Debt is detailed as follow:

		<u>2014</u>	<u>2013</u>
Desarrollo Faro Verde S. A.	US \$	443,537	443,537
Bank Improsa		5,206,569	5,405,994
Total	US \$	<u><u>5,650,106</u></u>	<u><u>5,849,531</u></u>

As of September 30th 2014 Banking Loans were guaranteed by a first-degree mortgage on the buildings and on plot number 1517. The annual interest rates for Improsa Bank is 8.5% and 10% for Faro Verde.

The Corporation is currently negotiating an extension of the payment period with Improsa Bank. The Bank gave time until December 2015, for Playa Dulce Vida to complete the process of renewal of the concession referred to in note number 8 and sign a new mortgage.

13. Long Term Loans shareholders:

As of September 30th, 2014 and 2013, Long Term Loans Shareholders are detailed as follow:

		<u>2014</u>	<u>2013</u>
Campo Nuevo	US \$	823,369	823,368
Carlos Roesch		100,000	195,000
Wolfgang Tetzlaff		-	135,000
Total	US \$	<u><u>923,369</u></u>	<u><u>1,153,368</u></u>

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14. Costs and direct expenses:

As of September 30th, 2014 and 2013, costs and direct expenses are detailed as follow:

		<u>2014</u>	<u>2013</u>
Salaries, wages and social security	US \$	865,615	743,394
Employee benefits		34,208	29,576
Gift guests and activities		155,249	124,097
Maintenance and supplies		212,084	126,624
Others		144,500	43,045
Direct costs		623,681	622,174
	US \$	<u>2,035,336</u>	<u>1,688,911</u>

15. Operating and Administrative Expenses

As of September 30th, 2014 and 2013 operating and administrative expenses are detailed as follow:

		<u>2014</u>	<u>2013</u>
Salaries, wages and social security	US \$	336,371	444,503
Employee benefits		156,453	128,493
Utility costs		295,531	283,909
Professional fees		201,517	126,893
General maintenance and supplies		333,903	183,172
Security services		158,308	153,767
Credit card commissions		116,047	99,699
Insurance		41,314	39,123
Local taxes		99,791	113,626
Donations		9,495	27,170
Other		29,062	37,311
Total	US \$	<u>1,777,791</u>	<u>1,637,666</u>

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16. Financial expenses

As of September 30th, 2014 and 2013, financial expenses are detailed as follow:

		<u>2014</u>	<u>2013</u>
Interest expense	US \$	575,924	588,733
Shareholder agreement		-	155,000
Exchange expenses		4,977	1,046
Total	US \$	<u>580,901</u>	<u>744,779</u>

17. Common and Preferred stocks

According to Shareholder's meeting minutes number 16 of Assembly held on June 30th, 2004, Shareholders agreed to increase Capital Stock to Three Million United States currency, represented by 3,000 shares of \$1,000.00 each one and 520 preferred shares of \$1.00 each one. The Preferred Stockholders have a right to use the rooms during some periods of the year and the payment of a preferred dividend estimated on the Gross Operation Profit

In minute number 21 of September 9, 2008, an agreement was established to divide stock capital in three million shares at one dollar each share.

In 2011, the Administration increased the common capital stock of the Company for US 3,000,000.00, taking the resources of the account Excess Additional Paid in Capital.

In December 2012, the Company increased the common capital stock of the Company for US 1,917,148, taking the resources of the account Excess Additional Paid in Capital. Due to this, the common capital stock of the Company is set at US \$ 7,917,668, and a total of common share of 3.958.574, each valued at US 2.

Currently the administration of the Company is in a process to change the preference shares in possession of the Preference Shareholders for common stocks

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18. Excess Paid in Capital

The amount of US \$ 1,020,385 represents extraordinary money contributions given by the Shareholders to build the Hotel, and for the sale of preferred stock.

As was mentioned in the note 17, in December 2012, US \$ 1,917.148 was taken from this account to increase the capital stock.

During fiscal year 2013, a contribution of \$ 300,000 from the sale of common shares to new shareholder was registered. Also, a contribution from a shareholder of \$ 210,000 recorded in fiscal year 2010 was also reversed.

19. Revaluation Surplus

Originated in the recognition of the Realizable Value of the concessions that are detailed in note number 8.

As was explained in note number 9, there was a reduction in the concession area where the hotel is built, this had an effect on the balance Revaluation Surplus of \$ 3,423,970.

20. Adjustments to prior years

During the fiscal year 2014, an adjustment for US 199,014 was recorded to retained earnings, it was because of part of the credit of the Deferred Income Tax expired.

21. Management Administration Agreement:

Playa Dulce Vida established a contract for the management of the hotel with Cayuga Sustainable Hospitality Company. Fees for the contract are estimated based on percentages of income and gross operation profit.

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22. **Income Tax Expense**

The Income Tax calculation for the period 2014 and 2013 is detailed as follow:

		<u>2014</u>	<u>2013</u>
Profit (loss) before income tax	US \$	485,071	86,015
Plus			
** Expenses not deductibles		217,549	302,102
Less			
Exchange rate expenses		469,210	70,652
Net income fiscal base		233,410	317,465
Income tax 30%	US \$	70,023	95,239

** Non-deductible expenses are expenses that for legal reason are not deductible from the income tax return.